Eastern Iowa Airport 'not immune' to crisis facing small airports

Decreased passenger traffic, regional airlines' finances make CID 'vulnerable'

As Eastern Iowa Airport finishes the summer travel season, the airport is in a financial position it's never been in before — projecting a loss for the 2020-21 budget.

It's not unique to the Eastern Iowa area. Airports across the country are facing financial strains as business and leisure travelers alike hold off on air travel during the novel coronavirus pandemic.

For every one passenger going through a Transportation Security Administration checkpoint on Sept. 30, there were more than three on that day a year ago.

That is similar to what the Cedar Rapids-based airport is seeing.

Passenger totals have increased every month since April — but August numbers still were down 63.2 percent from 2019 levels.

Even with record-high traffic in January and February, passenger numbers were down 52.4 percent through the first eight months of the year.

Meanwhile, Delta Air Lines suspended its nonstop service to Atlanta. Airport director Marty Lenss said that is "directly related to the drop-off in business traffic."

Eastern Iowa Airport saw a 112 percent decline in net operating revenue through the first two months of the 2020-21 fiscal year, which started in July. Lenss said the airport is using Coronavirus Aid, Relief, and Economic Security, or CARES, Act funding, federal grants and reserve funds to cover the loss in operating revenue.





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"We're optimistic, but we're still being very conservative and very mindful of the fluid situation we're in," Lenss said.

Eastern Iowa Airport still is in a relatively fortuitous position, though, without any debt despite recent major renovations.

Lenss also still is hopeful the Federal Aviation Administration will allow the airport to implement its health screening program to "help restore confidence in air travel and get the passengers back."

The temperature checks with secondary screening for those with a fever were supposed to start in September with temperature checks, but the FAA blocked the use of any funds for it in August.

"We hope to hear from the FAA this week, but every day that goes by, it becomes more difficult," Lenss said this past Thursday.

"If we heard tomorrow (from the FAA), I think it'd be a little aggressive to say we could have it up and running for the Thanksgiving holiday rush. But we absolutely would have it up and running before the Christmas rush."

Cargo

Freight traffic has been a bright spot for the airport, with enplaned cargo up 8.5 percent through the first eight months of 2020.

When the expansion of the west cargo apron is complete in spring 2021, UPS will have eight times more square footage at the airport, likely leading to future growth in cargo traffic.

That still doesn't make up for the losses in passengers, though.

"Cargo by itself is certainly not enough to fund our airport operations," Lenss said.

"We got to get the passenger traffic going."

Lenss said it's important to fly local during the pandemic, similar to how the Cedar Rapids Metro Economic Alliance has <u>emphasized shopping local with its rally C.A.P. program</u>.

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Driving to other states to fly would "export our transportation investment dollars into another community," Lenss said.

At the same time, the coronavirus has dealt a serious blow to many of the regional airlines that operate flights to or from Eastern lowa for major airlines.

In 2018, 78 percent of departures from Eastern Iowa Airport came via regional airlines, according to the Washington, D.C.-based Regional Airline Association.

SkyWest, the largest regional in the country, has seen its stock price drop to half since the start of 2020.

American Airlines, United Airlines and Delta Air Lines all rely on SkyWest for flights out of Eastern lowa, according to SkyWest's website.

"It will hit small communities exponentially harder than major marketplaces," Lenss said.

"I think the entire state of Iowa is vulnerable. I don't think CID" — Eastern Iowa Airport's aviation code letters — "is immune. I don't think Des Moines is immune."

A quarter of lowa commercial airports already have been feeling the pressure of airlines' cuts. American suspended <u>all its flights from Dubuque starting in October</u> and tried to do the same in Sioux City.

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The Sioux City airport <u>used protections from the federal Essential Air Service program to keep</u> <u>American flights</u> for another 90 days.

Lenss said that may bring some passengers that would've gone to Dubuque to Cedar Rapids.

"There's certainly going to be shifts in the market when an airline pulls out of a community," Lenss said.

Having a sizable manufacturing base, the University of Iowa and several food production businesses insulates Eastern Iowa Airport from some of this downturn, Lenss said. But the airport "can't be complacent."

He has his "fingers crossed for an easy winter." A more severe winter means more expenses.

"If we have a hard winter, that usually means a lot of overtime, a lot of diesel fuel and a lot of deicing fluid," Lenss said. "A lot, of course, that's out of our control."

With airport staff trying to keep costs that are within its control down, it could take three years to be back in a financially comfortable position.

"We should be OK," Lenss said.

"We could in a three-year period get things back on track, but you have a lot of moving pieces to that."

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